2000 ANNUAL REPORT

Ascot

Ascot Energy Resources Ltd.

contents

annual general meeting

The Annual General Meeting of the Shareholders will be held on Tuesday, June 5, 2001 at 3:00 p.m. in the Devonian Room of the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta.

abbreviations

A.F.E.	authorization for expenditure
API	American Petroleum Institute
ARTC	Alberta Royalty Tax Credits
bbls/d	barrels per day
bbl(s)	barrel(s)
bcf	billion cubic feet
boe	barrel of oil equivalent
boe/d	barrel of oil equivalent per day
bopd	barrels of oil per day
F&D	finding & development
G&A	general & administrative
km	kilometres
mbbls	thousand barrels
mboe	thousand barrels of oil equivalent
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
m	metres
Mmcf	million cubic feet
Mmcf/d	million cubic feet per day
mstb	thousand stock tank barrels
NGL(s)	natural gas liquid(s)
NPV	net present value
W.I.	working interest
WTI	West Texas Intermediate

focus on accretive growth

highlights

($ except where indicated)	2000	1999	% Change
Production Revenue	8,686,531	3,142,192	+176
Cash flow from operations	4,612,208	1,463,942	+215
Per share - Basic	0.12	0.06	+100
- Fully Diluted	0.11	0.05	+120
Net Income	1,871,999	603,638	+210
Per share - Basic	0.05	0.02	+150
- Fully Diluted	0.05	0.02	+150
Capital expenditures, net	16,306,389	3,443,138	+374
Total assets	24,432,383	8,856,250	+176
Long term debt	9,200,000	–	–
Shareholders' equity	8,931,134	4,435,048	+101
Return on average equity (%)	28.0	17.6	+59
Common shares - weighted average number	36,923,919	26,305,749	+40
OPERATING*			
Production			
Oil & NGLs (bbls/d)	227	199	+14
Natural gas (mcf/d)	2,700	1,378	+96
Barrels of oil equivalent (boe/d)	497	337	+47
Production (boe) per million shares	4,925	4,680	+5
Exit production volumes (boe/d)	900	451	+100
Reserves, proved plus 1/2 probable			
Oil & NGLs (mbbls)	1,311	771	+70
Natural gas (Mmcf)	11,959	8,773	+36
Barrels of oil equivalent (mboe)	2,507	1,648	+52
Present value of reserves discounted at 15% (000's)	32,659	11,417	+186
Proved Reserves per million shares (boe)	57,667	39,807	+45
Undeveloped land (net acres)	94,667	30,940	+206
Wells drilled			
Gross	11	11	–
Net	4.4	7.2	-39
Success rate	91%	72%	+26

*10:1 gas to oil conversion ratio

fully executed its growth

message to the shareholders

We are pleased to present, on behalf of the Board of Directors and management of Ascot Energy Resources Ltd., the 2000 Annual Report to our shareholders. The year 2000 was one in which the Company continued to build on the momentum achieved the previous year. It fully executed its growth strategy enunciated in last year's report, in an environment of record high commodity prices. The result is another banner year in which all previous financial and operating records were shattered. Our two-pronged strategy focused on accretive acquisitions that would provide the Company with future growth opportunities, while simultaneously exploiting our existing asset base through the drillbit.

In November 2000, the Company announced the largest transaction in its history, the acquisition of certain producing properties in Central and Southeastern Alberta for $8.8 million. Thanks to the Company's strong balance sheet, the transaction was financed entirely through debt. The balance of the capital expenditure program, on the other hand, was financed by discretionary cash flow and the $1.8 million raised through the fully subscribed exercise of 6 million share purchase warrants in June 2000 pursuant to a financing completed in December 1999.

Excluding the acquisition, a major portion of our capital expenditures went into debottlenecking surface facilities and tie-ins in the Watelet area which significantly increased our gas production during the fourth quarter of 2000. Additionally, our land expenditures were at an all-time high, as we continued to accumulate land in our core areas and, through the acquisition, acquired significant additional undeveloped lands in new areas. This tripled our undeveloped land base from the previous year. The Company now holds about 100 net undeveloped acres per daily flowing boe (10:1) in its land inventory, one of the richest in its peer group.

OPERATIONAL AND FINANCIAL REVIEW

The single most significant accomplishment during the year was the closing of an acquisition of producing and non-producing properties in Central and Southeastern Alberta for a cash consideration of $8.8 million. Highlights of this acquisition, which was effective November 1, 2000, are:

- Daily production composed of 185 bbls of oil and NGL's and 1.75 Mmcf of gas, acquired at a cost of $24,444 per flowing boe (10:1);
- Proved reserves of 500 mbbls of oil and NGL's and 4.3 bcf of natural gas, acquired at a cost of $9.46 per boe (10:1);
- Established reserves of 633 mbbls of oil and NGL's and 5.38 bcf of natural gas, acquired at a cost of $7.51 per boe (10:1); and
- 66,000 net undeveloped acres with certain proprietary seismic data over these lands, whose value is not included in the above acquisition costs.

The year 2000 was one in which the Company continued to build on the momentum achieved the previous year. It fully executed its growth strategy enunciated in last year's report, in an environment of record high commodity prices.

trategy

This acquisition satisfied all of the criteria we had on our wish list, namely:

- **Quality of the assets** - they are low declining, long life reserves with a long production history and operating costs that are under $6.00/boe;
- **Product mix** - equally balanced between light oil and gas, with no heavy oil component;
- **Exploitation potential of the producing properties** - we have identified a significant number of workovers and infill drilling opportunities to be pursued in 2001, which will increase production and enhance reserve recovery; and
- **Significant undeveloped land component** - we are currently evaluating and generating prospects on these lands, which will provide Ascot with significant future growth opportunities.

Our drilling activity in 2000 matched the previous year's efforts in terms of gross wells drilled. We participated in the drilling of 11 gross wells with an average working interest of 40%, resulting in 5 oil wells, 4 gas wells, 1 dual oil and gas well, and 1 dry hole for a **91% success rate.**

The dual oil and gas well drilled in the Lone Pine Creek area encountered oil pay in the Nisku and gas pay in the Crossfield zones as anticipated, but is awaiting completion pending the outcome of land negotiations the Company is conducting in the area. We expect the negotiations to be concluded in the 2nd quarter of 2001.

These activities resulted in the following impressive year over year growth in production and reserves:

- Average annual daily production increased by 47%
- Proved reserves increased by 103%

Significantly, the following accretive growth per share was achieved in a year where the weighted average number of basic shares increased by 40% from the previous year:

- Average annual daily production *per weighted average share* increased by 5%
- Proved reserves *per weighted average share* increased by 45%

Given that most of the production increases did not occur until late last year, spectacular growth in year over year fourth quarter average daily production and exit production was achieved:

- Q4 average and exit production doubled from the previous year; and
- Q4 average production *per weighted average share* increased by an impressive 42% from last year.

The result is another banner year in which all previous financial and operating records were shattered.

The impressive growth achieved in reserves and production, coupled with unprecedented record high commodity prices, resulted in the following financial performance:

- Cash flow per share for the year increased by 107% to 12.4¢; and
- Net income per share for the year increased by 150% to 5¢.

Even more impressive is the fourth quarter year over year comparison, where:

- Q4 cash flow per share tripled to 6.2¢; and
- Q4 net income per share quintupled to 3.5¢.

These financial results generated the following exceptional returns to our shareholders:

- 28% return on average equity
- 15% return on capital employed

with a year end debt to annualized fourth quarter cash flow ratio that is under 1.0.

In short, the year 2000 generated stellar results across the board, and spectacular accretive growth significantly enhanced shareholder value.

GROWTH STRATEGY

Our growth strategy enunciated in last year's annual report was meticulously and successfully executed throughout the year 2000, resulting in substantial growth in shareholder value. We shall therefore stay the course. Our strategy revolves around acquiring assets in certain preferred areas in the Western Canadian Sedimentary Basin, and methodically exploiting these assets. Acquisitions will continue to play a pivotal role in our growth profile.

We are vigorously evaluating both corporate and asset transactions that are accretive to our shareholders and that will provide the company with future growth. We will finance the acquisitions through equity that fairly reflects our value, and through debt that maintains our self-imposed debt limitations.

The second component of our growth strategy involves asset exploitation through the drillbit. In the near term, we will continue our step-out and in-fill drilling in Watelet, now that we have expanded our surface facilities. Additionally, we will be conducting a large workover and development drilling program on the newly acquired properties. Longer term, as with all successful junior companies, the drillbit will play a larger role in our growth strategy. To that end, we will continue to add to our already substantial undeveloped land base of approximately 95,000 net acres, which will fuel our future growth for many years to come.

INDUSTRY OUTLOOK

The year 2000 was one in which the industry enjoyed unprecedented record high commodity prices. Oil and gas prices throughout the year exceeded expectations of even the most optimistic analysts and prognosticators in our industry. Oil prices have recently retreated from their all-time highs of last year due to the slowing U.S. economy and resulting reduced demand. OPEC, however, appears determined to maintain an average price of US$25 per barrel for its basket of crudes, as evidenced by its production cut in March, and further cutbacks in June appear likely if that price target is not maintained. In our view, OPEC will succeed in its efforts as members maintain the quota discipline they've displayed in the last couple of years. We are therefore budgeting an average price of US$24 WTI for 2001, which so far appears to be low, but we will continue to use that price for our projection purposes, until it is reviewed in the second half of the year.

As far as gas is concerned, we continue to be bullish on its price outlook, given that the supply appears to continue to lag behind the growing demand in the U.S., as evidenced by reported storage levels and the continued electricity crisis in California and elsewhere. Demand for Canadian gas south of the border will continue to increase, since almost 90% of all new power plants in the U.S. will be gas fired, as environmental regulations have eliminated all other alternatives. We therefore continue to maintain a large gas component in our reserve base, 50% or better, with over 95% of our gas production uncontracted and sold to the spot market. In our projections for this year we have used a spot price of Cdn$6.00 per mcf, which also appears to be on the conservative side.

Also last year, the industry experienced record M&A activity, with large American independents and utilities leading the acquisition charge. Also, more companies are converting to royalty income trusts, which are currently enjoying higher valuations, allowing them better access to capital. We expect this wave of consolidation to continue throughout the coming year. As a result, we are of the view that as these companies rationalize and shed assets, there will be a lot less capital chasing a lot more properties and acquisition costs should come down a bit from their present inflated levels. This will allow us to better execute our acquisition strategy.

Additionally, the internet and high-tech stocks appear to be falling out of favour with the investment community, and significant capital is flowing back into traditional sectors. The senior producers are certainly experiencing an influx of capital into their sector and are trading at reasonable multiples, while valuations of smaller companies, particularly juniors like ourselves, are still lagging. We are of the view that some of that capital is starting to flow to the junior sector, on a very selective basis, and by continuing to accretively grow the company at a rapid pace our efforts will be rewarded in the marketplace.

The prosperity the industry is currently enjoying is not without its challenges, however. Two issues the industry is struggling with are taxation and costs, and Ascot is no exception. Tax

pools are valuable assets in the present environment and have been playing an increasingly significant role in M&A activity. Ascot has tax pools of approximately $16 million and a tax horizon of about two years. On the second issue, we are all experiencing a tremendous increase in the cost of service at all levels, resulting in higher operating and F&D costs. We are constantly endeavoring to streamline our operations so that we operate our production in the most cost efficient and safest possible manner. We are also currently attempting to divest ourselves of non-strategic properties, which for the most part are non-operated and plagued with high operating costs. Although the proportionately large investments we made last year in surface facilities, flow lines and pipelines have partly contributed to the increase in our 2000 F&D costs, they will pay dividends in the form of lower operating costs in the coming year. We will continue to deal with the cost control issue at all levels at all times.

Throughout the balance of this year, Ascot will be rationalizing the newly acquired properties. We will attempt to divest ourselves of those that are non-strategic, and consolidate our interests in those areas that will play a significant role in our future growth. This will allow us to be more focused, thereby reducing costs even further.

2001 PROJECTIONS

We have set a $9.0 million minimum capital expenditure budget for 2001, excluding acquisitions. The program this year will be our most ambitious to date, and will include the drilling of 25 gross wells (13.3 net) and 17 workovers (10.8 net). This budget is expected to be expanded in the second half of the year, to capture opportunities that we are currently identifying as we continue to systematically evaluate the properties and the undeveloped lands acquired in the recent acquisition. This is particularly true of prospective expiring acreage. This minimum capital budget should generate a cash flow of almost $11 million, or 27¢ per share, and earnings of $3.8 million, or 10¢ per share. Year-end debt to cash flow ratio is expected to be less than 0.75. This is based upon an average production forecast for the year of approximately 600 bbls/d of liquids and 5.7 Mmcf/d of gas for a total of 1,170 boe/d. We are confident that we'll exceed these projections, in view of the prospects that are continuously being generated by our staff on the newly acquired properties. We realize that to shine among our peers, companies our size must deliver accretive, rapid growth to their shareholders. In the year 2000 we doubled our exit production volumes from the previous year and if the current economic climate of our industry prevails, we shall endeavour to repeat that performance this year.

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ACKNOWLEDGEMENT

We would like to acknowledge the efforts of our loyal staff, whose dedication, hard work and commitment to the success of this company are greatly appreciated. Our key employees are, first and foremost, shareholders of this company, through direct ownership and stock options, and their interests are therefore perfectly aligned with those of all of our shareholders. We would also like to thank our shareholders for their support and patience, and our active board of directors, whose collective and individual advice, guidance and counsel is invaluable, constantly sought and very much appreciated. Finally, we would like to especially thank Mr. Joe W. Worobec, Sr., a founder of the Company, who elected to retire and not stand for re-election to the board last year, for his long service and dedication to the Company.

On behalf of the Board,

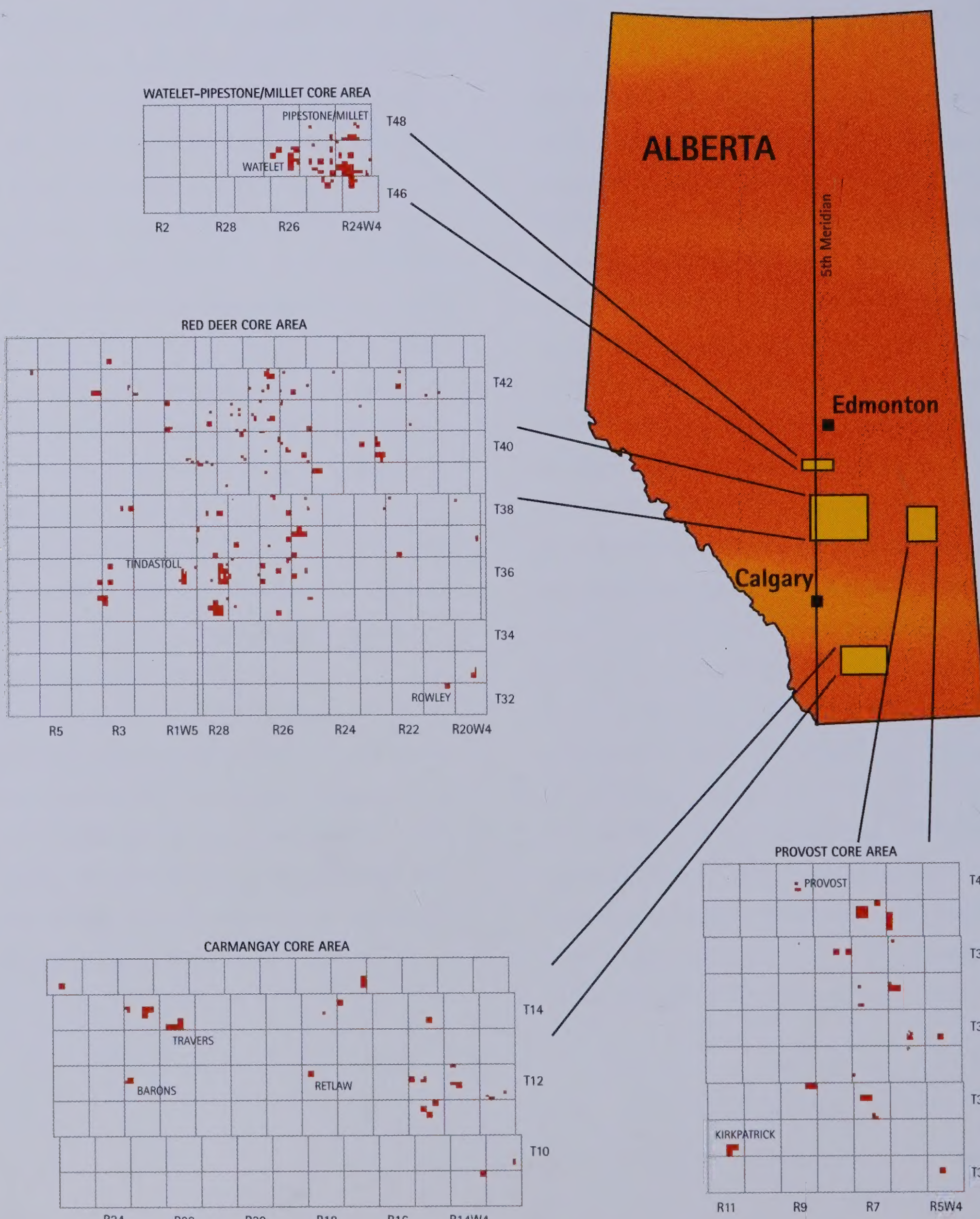
A.M. (Bezo) Khadr
President and CEO

Ed Chwyl
Chairman of the Board

...in the year 2000, we doubled our exit production volumes from the previous year, and if the current economic climate of our industry prevails, we shall endeavour to repeat that performance this year.

significant future growth

exploration and operations review



The major acquisition the Company concluded effective November 2000 not only significantly added to our production and reserve base, but also provided the Company with significant future growth opportunities.

Most of our expenditures during the year, excluding acquisitions, were incurred in Watelet, our largest core area. The major acquisition the Company concluded effective November 2000 not only significantly added to our production and reserve base, but also provided the Company with significant future growth opportunities. Synergies exist between some of the new properties and Ascot's previously existing assets, thereby providing the Company with new core areas. This will result in a more focused asset base with significant platforms for future growth. The following review not only summarizes last year's major activity, but also introduces these new areas with a brief description of our planned activity throughout the coming year.

WATELET

Watelet continued to be the focal point of our activity in the year 2000, with the emphasis on delineation drilling and tie in of existing and additional gas reserves behind pipe. Excluding acquisitions, Watelet expenditures represented over half of our entire capital expenditures for the year. Delineation drilling in the north and south ends of the pool along with construction of pipelines, batteries, plant and gathering systems resulted in gross exit production of 3 Mmcf/d and 350 bbls/d, up from an average of 1.1 Mmcf/d and 233 bbls/d during the course of the year.

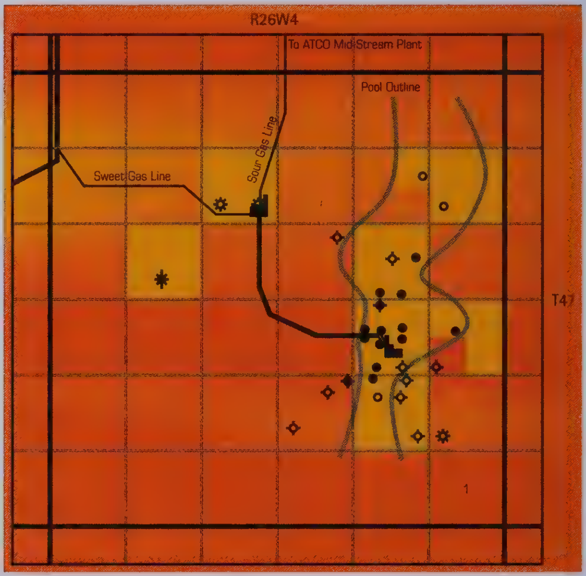
The Company drilled four wells at an average working interest of 60% last year, which confirmed the extension of the pool in a northerly, southerly and easterly direction. Though the 11-23 well was junked and abandoned due to mechanical difficulties, it established the presence of reservoir in the NW quarter of Section 23 and earned that quarter section, which was part of a larger farmout agreement negotiated the previous year. The 11-13 well, which proved an eastern extension of the pool, earned the last of the Farmout Lands. Ascot also purchased additional acreage in the area, which could potentially extend the pool further.

In the second half of 2000, facility construction commenced to accommodate the production from the four wells at the north end of the field. A test satellite was built at the 14-14 location and a pipeline was constructed under the lake to the Watelet 7-14 battery. Also, two additional wells were tied in

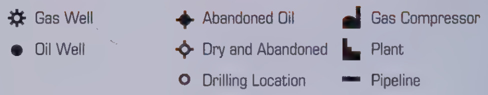
directly to the battery. In the fall, after EUB approval was received, a sour gas compressor and associated dehydration facility were installed at the battery together with a sour gas pipeline to the ATCO Midstream plant at 8-18-48-26W4. To handle the additional oil and gas production, a second group separation facility was installed at the 7-14 battery and the original treater and gas plant were enhanced. The tank farm was upgraded and a tank vapor recovery incinerator was installed. The emergency flare system was enlarged and improved. The gas, fire and H_2S detection systems and the electrical, annunciation and control systems were modernized throughout the entire 7-14 facility. In short, this was a major overhaul and expansion of a 35 year old sour facility, which could now handle much increased volumes of oil and gas.

We are planning to drill at least three wells this year to further delineate the pool. We are also seeking regulatory approval to downspace Section 23 and infill drill that portion of the pool.

Ascot's current net production in the area is approximately 150 bbls/d of oil and 1.5 Mmcf/d of gas, our largest single producing property. It will also continue to be an active core area for the Company in the near future.



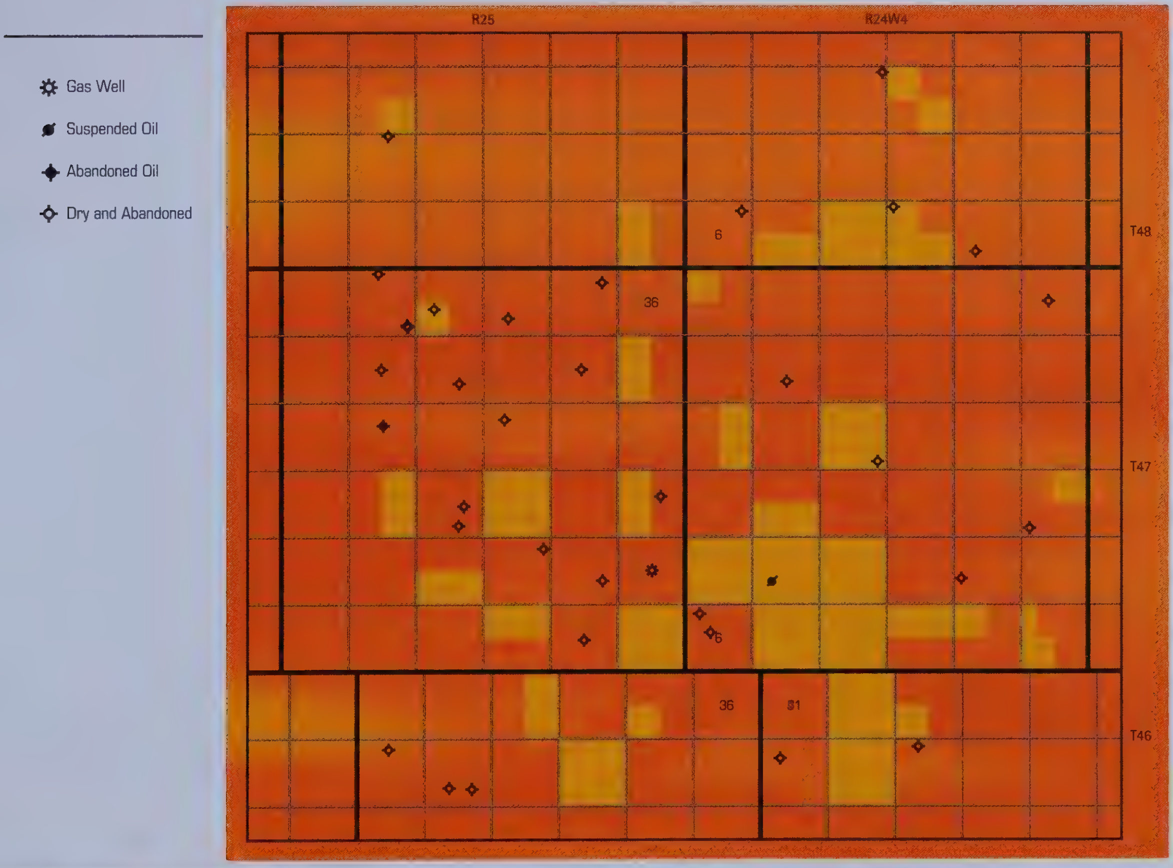
WATELET

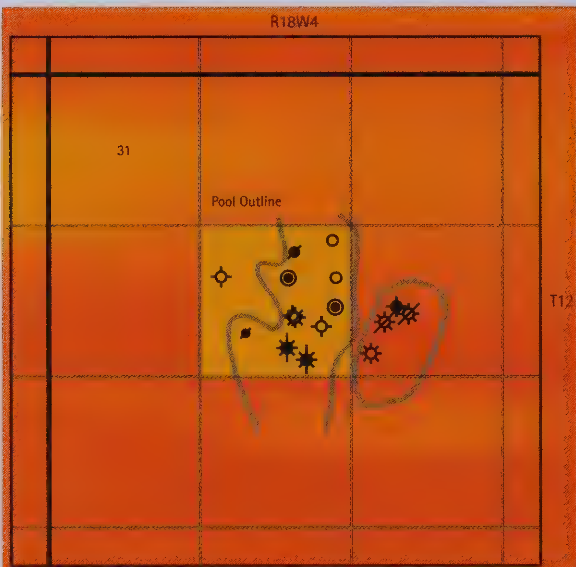


PIPESTONE / MILLET

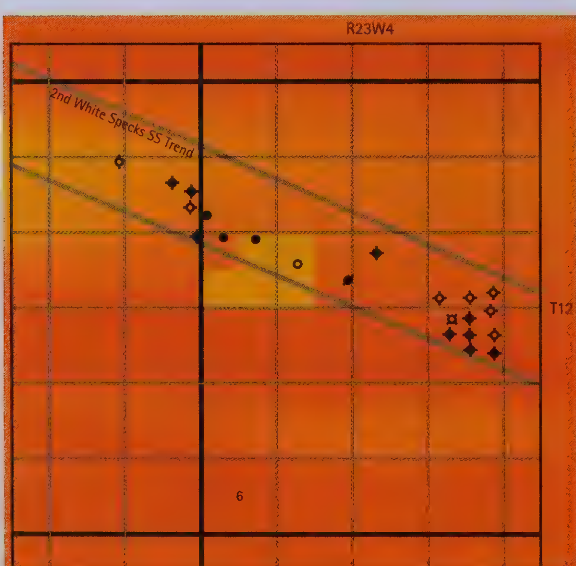
Pipestone / Millet is a geological extension of the Watelet core area which lies approximately 10 miles east of Watelet where Ascot is continuing to target stratigraphically structured Ellerslie channels at depths of 1400m to 1425m. These channels could typically contain 1 to 1.2 million barrels of recoverable oil and 2 to 4 bcf of gas per section. The defined geological leads are keyed off existing wells with definitive hydrocarbon shows and have analogous stratigraphic characteristics to those of the productive horizon at Watelet. The seismic data which was shot and acquired in the year 2000 was interpreted and resulted in defining two Ellerslie locations in Pipestone and Millet. During the course of the year, additional land acquisitions enabled the company to continue its strategy of tying up all possible acreage on the defined prospects. We currently control almost 22 sections of land at a 100% W.I.

The Company is planning on drilling its first test well this year, upon completion of its ongoing land acquisitions in the area.





RETLAW



BARONS

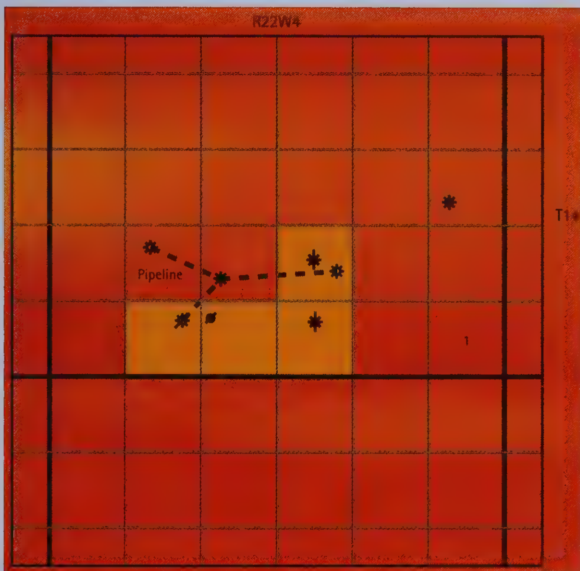
CARMANGAY

Properties in this area were also part of the acquisition with multi-zone shallow gas and oil potential at depths of 300-1500m. Throughout 2000, Ascot recognized the shallow gas prospects in the area but lacked a good land position to develop and drill those prospects. The acquisition not only added substantial acreage to the Company, but brought along a variety of delineation and tie-in potential that will represent a high level of drilling, completion and land activity in 2001. Land holdings in the area increased from 535 gross acres (80 net acres) to 18,813 gross acres (7,948 net acres), with an average W.I. of 42%, though delineation and tie-ins are planned on lands with a much higher working interest.

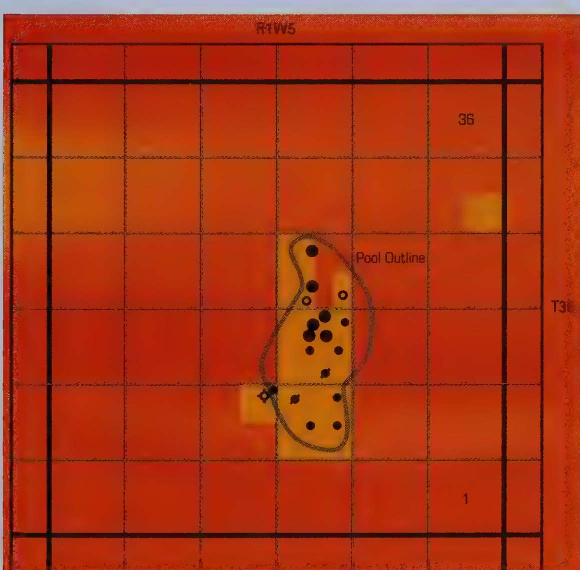
In the Retlaw area, the Company is planning to drill two 1125m Lower Cretaceous Sunburst wells (72% W.I.) in the second quarter to define the eastern limits of the Retlaw pool, which could add substantially to the existing pool production of 26 bbls/d. Fluid level checks will also be done on the two existing producing wells (8-29 and 10-29-12-18W4M) to determine if higher volume pumps could increase production.

At Barons, Ascot has identified a delineation location at 11-20-12-23 W4M. The proposed 1370m well (80% W.I.) will be drilled in the third quarter and is located along a thin elongate

Gas Well
Suspended Gas
Abandoned Gas
Oil Well
Suspended Oil
Abandoned Oil
Work Over - Oil
Dry and Abandoned
Drilling Location
Service Well
Suspended



TRAVERS



TINDASTOLL

oil producing Second White Specks sandstone bar trend where some existing wells have produced in excess of 200,000 bbls at average rates of 35 bbls/d.

At Travers, an existing suspended gas well at 9-5-14-22 W4M (80% W.I.) is expected to be tied-in in the second quarter at rates of approximately 800 mcf/d net to Ascot.

Carmangay is evolving into a significant core area for the Company and we will continue to accumulate land in this area, where we have mapped various prolific shallow gas trends.

RED DEER

In the Red Deer Block, the acquisition has substantially increased Ascot's land position from a previous 2,100 gross acres (860 net, 41% W.I.) to 44,042 (5,688 net, 12.8% W.I.). The area has multizone oil and gas potential from depths of 400m to 2000m. To date, numerous prospects have been identified for delineation drilling, workovers and recompletions. Ascot has also identified two additional low risk prospects at Lanaway and Penhold, where the company is actively attempting to increase its working interest through purchases or swaps with industry partners. In the first quarter of 2001, an inexpensive and aggressive workover program of three poor producing and two inactive shut-in Belly River oil wells

Gas Well
Suspended Gas
Abandoned Gas
Work Over - Oil
Oil Well
Suspended Oil
Dry and Abandoned
Drilling Location

at Tindastoll (Ascot 80% W.I.) increased gross production from 17 bbls/d of oil to 65 bbls/d of oil and 150 mcf/d of gas. Additional workovers, gas conservation and completion of additional Belly River zones are planned for the second quarter, and two infill wells for the fourth quarter. This 2001 program at Tindastoll is expected to boost net company production to approximately 100 bbld/s of oil and 325 mcf/d of gas.

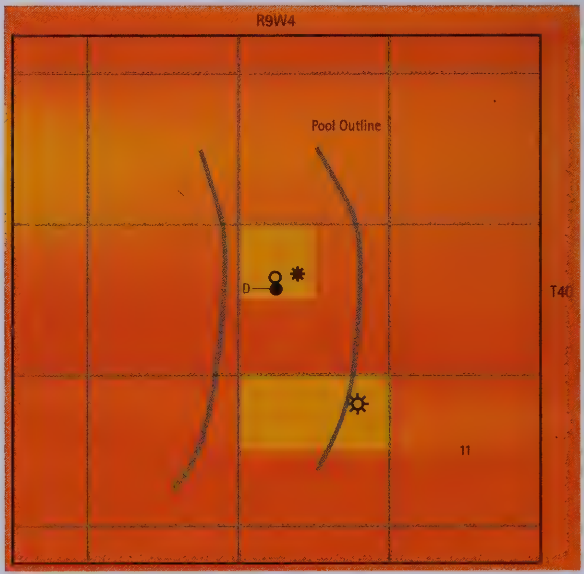
Additional activity for 2001 includes the recompletion of two suspended wells with bypassed gas and oil pay at Rowley (fourth quarter) and Nevis (second quarter), which could add a net 25 bbls/d of oil and 70 mcf/d of gas to the Company.

PROVOST

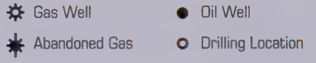
Ascot has identified several oil and gas drilling prospects on lands that were part of the acquisition. Prior to the acquisition Ascot had 960 gross acres (187 net acres), primarily on developed producing land, which now increased to 20,160 gross acres (4,500 net).

In 2001, Ascot plans to redrill the 12-15-40-9 W4M well which had been suspended in 1999 with 8.5m of oil pay (20° API) from the Lower Cretaceous Cummings sand. The well had been directionally drilled and produced water as a result of a very poor cement bond over the pay zone. The redrill in the second quarter (Ascot 40% W.I.) will be a 970m vertical well, 70m northwest of the 12-15 well, which should maintain equivalent structure and pay. Similar wells in the immediate vicinity indicate recoveries in excess of 100,000 barrels. Success would result in downspacing the quarter section to 10 or 20 acres per well.

At Kirkpatrick, Ascot has a 40% W.I. in a multi-zone gas play over three sections of land due to expire in the second quarter of 2001. The Company and its partner have negotiated a farm-in on the balance of the land, whereby Ascot would earn 80% of the lands subject to a non-convertible gross overriding royalty.



PROVOST



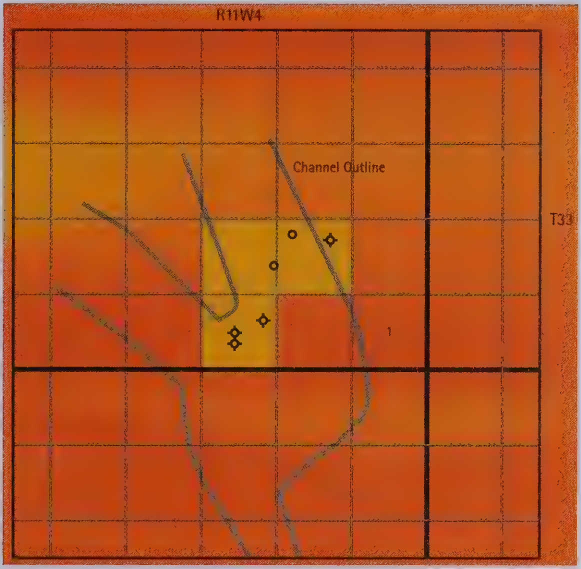
Two 1125m locations (Ascot 80% W.I.) have been identified to evaluate a seismically defined Viking structural high within a stratigraphically controlled glauconitic channel with both horizons potentially yielding reserves of 1.5 bcf per well.

Both locations at 8-10-33-11 W4M and 13-11-33-11 W4M have been surveyed, licensed, and are awaiting lifting of road bans.

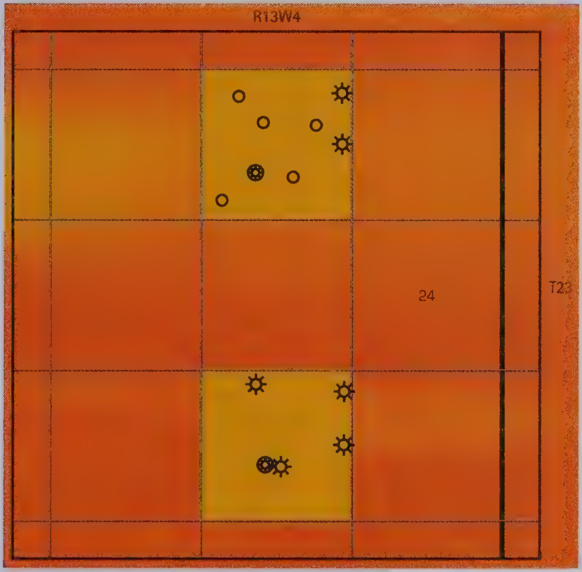
CESSFORD

This property was also part of the acquisition and presented delineation, workover and downspacing opportunities. Net gas production of 400 mcf/d net from Section 26-23-13W4M (Ascot W.I. 80%) is obtained from three dually produced Milk River and Medicine Hat wells and one single producing Medicine Hat well (6-26) at depths of 500m. In the second quarter, Ascot plans to downspace the section by drilling an additional four wells, and perforating the Milk River to complete the 6-26 as a dual producer.

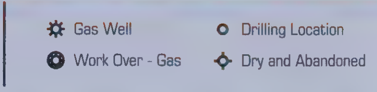
Ascot has also identified a potential location for Viking gas at 13-26-23-13W4M, which is scheduled to be drilled in the second quarter and is expected to add a net 400 mcf/d. A workover at 6-14-23-13W4M is also planned. This activity is expected to triple our net gas production in the area from the current 400 mcf/d.

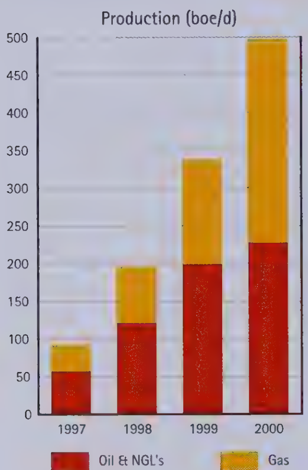


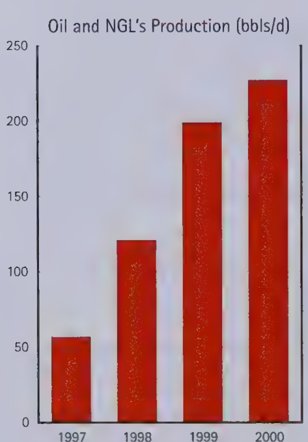
KIRKPATRICK



CESSFORD







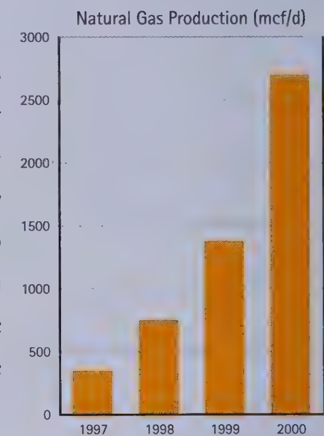
In 2000, Ascot completed the largest acquisition in the Company's history. The acquisition added daily production of approximately 185 bbls/d of oil and liquids and 1.7 mmcf/d of gas and was financed through existing bank credit lines. Also in the year, the Company resolved the bottlenecking problem at Watelet, resulting in increased production to Ascot of 1,200 mcf/d of gas and 50 bbls/d of oil from the area. Combined with a 91% drilling success rate in 2000, the Company continued adding production volumes, mostly in the fourth quarter, resulting in daily exit production volumes in 2000 that were double those achieved in 1999.

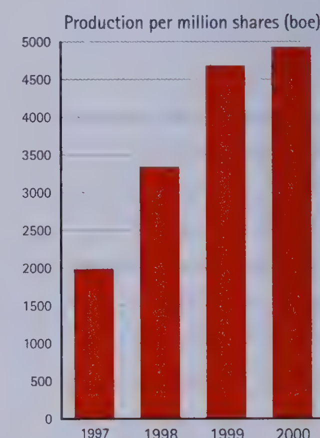
Proved reserves per basic weighted average share increased 45% in 2000. This is especially significant in a year when the basic weighted average number of shares increased by 40%. Ascot has continued to add shareholder value with proved reserves per basic weighted average share more than doubling in two years.

Throughout this discussion, Ascot has used a 10:1 gas to oil conversion ratio.

PRODUCTION REVENUE

In 2000, petroleum and natural gas sales increased 176% to $8.7 million from $3.1 million earned in 1999. The increase was due to higher commodity prices and increased production volumes.

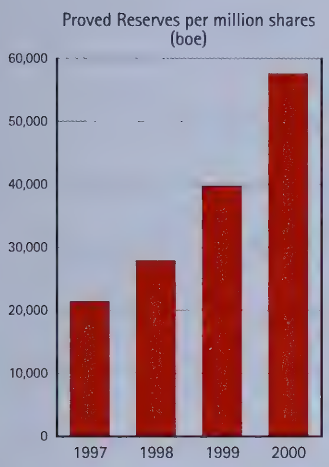




In 2000, the Company received $1.8 million from the proceeds on the exercise of the fully subscribed flow through warrants that were issued in 1999. On the warrant exercise, six million flow through shares were issued at 30¢ per share. For the year, Ascot's return on average equity was 28%, up from 17.6% in 1999.

Oil and natural gas liquids sales increased 104% to $3.4 million compared to $1.7 million in 1999. Production of oil and natural gas liquids averaged 227 barrels per day up from 199 barrels per day in 1999. Ascot received an average price of $41.47 per barrel of oil in 2000 compared to $23.15 in 1999.

Combined with a 91% drilling success rate in 2000, the Company continued adding production volumes, mostly in the fourth quarter, resulting in daily exit production volumes in 2000 that were double those achieved in 1999.



Natural gas sales in 2000 were $5.2 million, an increase of 260% from 1999 natural gas sales of $1.5 million. Natural gas production increased 96% to 2.7 Mmcf/d in 2000 from 1.4 Mmcf/d in 1999. Ascot received an average price of $5.30 per mcf in 2000 compared to $2.90 per mcf in 1999.

ROYALTIES

Royalties, net of Alberta Royalty Tax Credits (ARTC) increased to $1.6 million from $0.4 million in 1999. The increase in net royalties was a result of higher production volumes in the year combined with a lower ARTC rate due to the high commodity prices in the year.

PRODUCTION EXPENSES

Production expenses increased to $1.7 million in 2000, up from $0.9 million in 1999 primarily due to increased production volumes for the year. Production expenses for the year were $9.17 per boe up by 33% from $6.91 per boe in 1999. In the past year service sector costs have increased substantially resulting in higher costs on a barrel of oil equivalent basis. Improved efficiencies at Watelet due to much expanded and overhauled facilities, as well as the expected sale of non-strategic high operating cost properties should result in lower costs on a boe basis in 2001.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses were $0.6 million up slightly from $0.5 million in 1999. On an oil equivalent basis, general and administrative expenses decreased to $3.19 per barrel from $3.85 per barrel of oil equivalent in 1999. These costs per boe are expected to decrease significantly in 2001, as a result of the increased volumes in the fourth quarter of 2000 and for the year 2001.

NETBACKS

The following table summarizes the netbacks per barrel of oil equivalent:

$ per boe	2000	1999
Sales price	47.75	25.53
Net royalties	8.54	3.00
Production expenses	9.17	6.91
Netback	30.04	15.62

INTEREST AND FINANCE COSTS

Interest expense on long-term debt in 2000 was $0.11 million with other interest and finance costs of $0.15 million incurred in the year. In 2000, additional interest and finance costs were incurred as a result of higher borrowing levels related to the acquisition completed in the year.

Ascot has continued to add shareholder value with proved reserves per basic weighted average share more than doubling in two years.

DEPLETION, DEPRECIATION AND SITE RESTORATION

Depletion, depreciation and site restoration increased to $1.7 million in 2000 from $0.9 million in 1999 due to a 47% increase in production volumes in the year and increased expenditures. The rate per barrel of oil equivalent was $9.28 up from $6.99 per barrel of oil equivalent in 1999. The Company in 2000 had a depletion rate of 7.6% of total proved reserves on a barrel of oil equivalent basis, using a 6:1 conversion ratio.

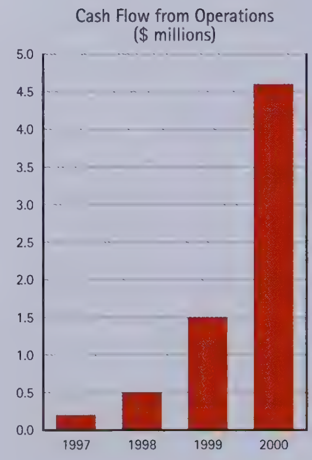
INCOME TAXES

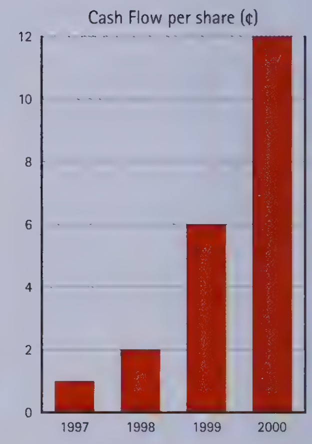
Ascot's capital tax expense of $25,000 for 2000 relates to the Large Corporations Tax. In 2000, the Company adopted the CICA recommendations for accounting for income taxes and as a result future income taxes of $1.1 million were recorded in 2000.

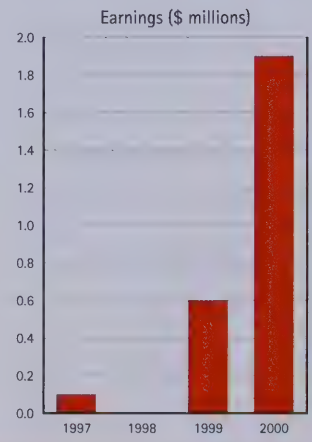
NET INCOME AND CASH FLOW FROM OPERATIONS

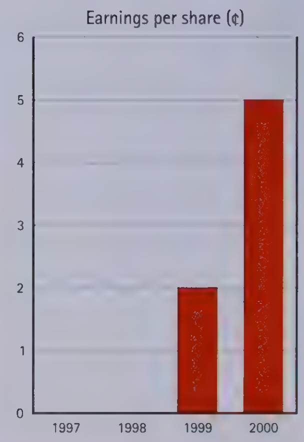
Cash flow from operations increased 215% to $4.6 million from $1.5 million in 1999. Basic cash flow from operations increased to $0.12 per share from $0.06 per share in 1999 while fully diluted cash flow from operations increased to $0.11 per share from $0.05 per share in 1999. The increase in cash flow was due to increased production volumes combined with the high commodity prices realized in 2000.

Ascot's net income in 2000 was $1.9 million up from $0.6 million realized in 1999. Basic and fully diluted net income per share were $0.05 in 2000 up 150% from $0.02 per share in 1999.





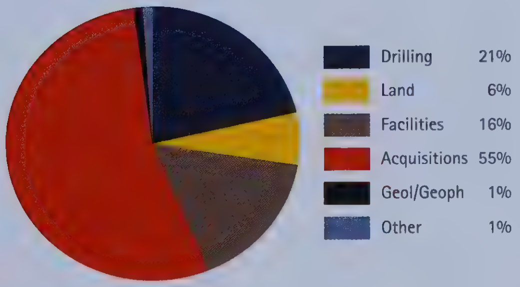




CAPITAL EXPENDITURES

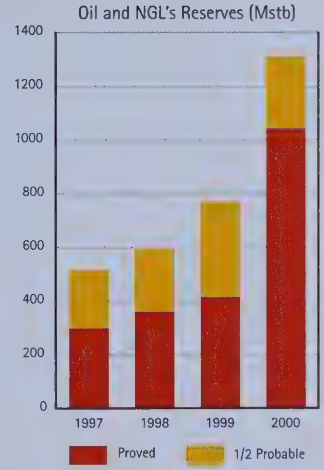
Ascot drilled 11 wells (4.4 net) in 2000 with a success rate of 91 percent. In the year, the Company completed its largest acquisition to date, with the $8.8 million property purchase effective November 1, 2000. Including the acquisition, capital expenditures of $16.3 million were incurred in 2000 compared to $3.4 million of net capital spent in 1999.

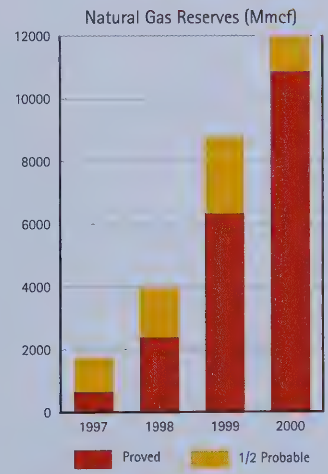
Capital Expenditures ($ thousands)	2000	1999
Land	975	774
Geological and Geophysical	205	55
Exploration and Development	3,489	2,807
Equipment and Facilities	2,529	485
Acquisitions	9,013	319
Other	95	53
Total	16,306	4,493
Dispositions	–	(1,050)
Net Capital Expenditures	16,306	3,443



RESERVES

In 2000, Ascot added 1.3 million barrels of oil equivalent reserves on a proved basis, a 121% increase from the proved reserve additions in 1999. The Company converted a significant amount of reserves that were assigned probable status in the prior year into the proved category in 2000. At the end of the year 74% of the Company's total proved plus probable reserves are in the proved category.





The following summarizes the future discounted value of reserves before income taxes as at December 31, 2000 based on escalating prices and cost assumptions as evaluated by NRG Engineering Ltd.

Net Present Value ($ 000's)	10%	15%
Proved Producing	26,536	23,620
Proved Non-Producing	7,085	6,062
Total Proved	33,621	29,682
Probable	7,311	5,953
Total Proved plus Probable	40,932	35,635

RESERVES RECONCILIATION

The Company's development drilling program throughout the year was successful in reclassifying a significant portion of the 1999 probable reserves as proved reserves. Additionally, in anticipation of the industry adopting stricter reserve definitions, the Company unilaterally removed probable reserves from properties where the Company had not incurred expenses over the last 2 years in an effort to reclassify them.

The following table reconciles the change in reserves that occurred during 2000.

	Oil & NGL's (mbbls)		Natural Gas (Mmcf)	
	Proved	Probable	Proved	Probable
December 31, 1999	414.1	714.2	6,330.5	4,885.5
Discoveries	212.7	-	2,181.1	-
Acquisitions	499.2	268.0	4,299.2	2,152.0
Revisions	-	(446.2)	(959.4)	(4,846.6)
Production	(83.0)	-	(988.3)	-
December 31, 2000	**1,043.0**	**536.0**	**10,863.1**	**2,190.9**

RESERVE REPLACEMENT

In 2000, the Company replaced 700% of it's production. The following are the reserve replacement ratios for 2000 and 1999.

Proved Reserves	2000	1999
Oil & NGL's	**8.6**	1.7
Natural Gas	**5.6**	8.8
Total	**7.0**	4.6

RESERVE LIFE INDEX

In 2000, the Company increased the reserve life index on a proved basis to 11.7 years up from 8.5 years in 1999.

(Years-Proved Reserves)	2000	1999
Oil & NGL's	**12.6**	5.7
Natural Gas	**11.0**	12.6
Total	**11.7**	8.5

FINDING AND DEVELOPMENT COSTS

The finding and development costs per boe for 2000 and the three year average are summarized below.

($ per boe)	2000	3 yr average
Proved	12.90	10.62
Proved plus 1/2 probable	15.68	10.38

The increase in finding and development costs for the year were due to significantly increased cost of services in the industry. Costs for proved plus 1/2 probable reserves were higher than proved costs due to the lower probable component of the reserve base. Probable reserves account for only 15% of established reserves, down significantly from 37% in 1999 and 39% in 1998.

LIQUIDITY AND CAPITAL RESOURCES

Capital expenditures for the year 2000 were $16.3 million. They were financed through bank debt, cash flow and an equity financing. In June 2000 all flow through warrants were exercised, resulting in proceeds to the Company of $1.8 million. In the past two years, Ascot has received proceeds of $3.8 million from equity issues.

The 2001 capital expenditure program of $9.0 million will be funded from cash flow from operations. It is expected that cash flow during 2001 will be greater than capital spending, but the level of capital spending may be adjusted to capture opportunities available to the Company. Twenty-five wells are forecasted to be drilled in 2001 and an additional seventeen workovers are also planned. Based on cash flow projections for 2001, the long-term debt to cash flow ratio is expected to be less than 0.75, assuming a US $24.00 WTI crude oil price and Cdn $6.00 spot gas price.

BUSINESS RISKS

The exploration, production, acquisition and marketability of oil and gas reserves involve numerous business risks beyond the Company's control. These include commodity prices, exchange rates, interest rates and government regulations. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations.

Additionally, Ascot attempts to minimize the technical risks associated with our operations by employing a team of highly skilled and experienced professionals. Insurance is also maintained at levels consistent with prudent industry practices to minimize risks. Ascot has reduced its risk against volatile commodity prices by hedging a portion of its crude oil production. The Company currently has 100 barrels per day of oil hedged for the calendar year 2001 at a fixed price of Cdn $42.05 per barrel.

management's report

The consolidated financial statements of Ascot Energy Resources Ltd. were prepared by management in accordance with generally accepted accounting principles in Canada. The financial and operational information contained in this annual report is consistent with that reported in the consolidated financial statements.

Management is responsible for the integrity of the financial information. Internal control systems are designed and maintained to provide reasonable assurance that assets are safeguarded and to produce reliable accounting records for financial reporting purposes. Timely disclosure requires the use of estimates when transactions affecting the current accounting period cannot be finalized or known for certain until future periods. Such estimates are based on judgments made by management using relevant information known at the time.

Independent auditors appointed by the shareholders of the Company have examined the consolidated financial statements. The Audit Committee, consisting of three non-management directors, has reviewed these statements with management and the auditors and has reported to the Board of Directors. The Board of Directors has approved the consolidated financial statements.

A.M. (Bezo) Khadr
President and
Chief Executive Officer

Harry D. Cupric
Vice President, Finance and
Chief Financial Officer

auditors' report

TO THE SHAREHOLDERS OF
ASCOT ENERGY RESOURCES LTD.:

We have audited the consolidated balance sheets of Ascot Energy Resources Ltd. as at December 31, 2000 and 1999 and the consolidated statements of income and retained earnings (deficit) and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Calgary, Alberta
March 16, 2001

Deloitte & Touche LLP
Chartered Accountants

consolidated balance sheets

As At December 31	2000 $	1999 $
ASSETS		
Current		
Cash	146,550	791,335
Accounts receivable	1,741,659	2,129,868
Prepaid expenses and deposits	209,517	112,967
	2,097,726	3,034,170
Property, plant and equipment *(Note 3)*	22,334,657	5,822,080
	24,432,383	8,856,250
LIABILITIES		
Current		
Accounts payable and accrued liabilities	3,939,798	4,210,453
Long-term debt *(Note 4)*	9,200,000	—
Provision for site restoration	328,549	210,749
Future income taxes *(Note 6)*	2,032,902	—
	15,501,249	4,421,202
SHAREHOLDERS' EQUITY		
Share capital *(Note 5)*	7,744,582	6,324,012
Retained earnings (Deficit)	1,186,552	(1,888,964)
	8,931,134	4,435,048
	24,432,383	8,856,250

Approved by the Board

D R Geick

Director

Director

consolidated statements of income and retained earnings (deficit)

Years Ended December 31	2000 $	1999 $
REVENUE		
Petroleum and natural gas sales	8,683,531	3,142,192
Royalties, net of ARTC	(1,552,383)	(368,613)
Interest and other	14,591	15,631
	7,145,739	2,789,210
EXPENSES		
Production	1,667,239	850,855
General and administrative	580,055	474,413
Interest on long term debt	114,046	–
Other interest and finance costs	147,191	–
Depletion, depreciation and site restoration	1,687,302	860,304
	4,195,833	2,185,572
Income before taxes	2,949,906	603,638
Income taxes *(Note 6)*		
Capital taxes	25,000	–
Future income taxes	1,052,907	–
	1,077,907	–
Net income	1,871,999	603,638
Deficit, beginning of year	(1,888,964)	(2,492,602)
Impact of change in accounting policy *(Note 6)*	1,203,517	–
Retained earnings (deficit), end of year	1,186,552	(1,888,964)
Net income per share *(Note 5)*		
Basic	0.05	0.02
Fully Diluted	0.05	0.02

consolidated statements of cash flows

Years Ended December 31	2000 $	1999 $
Cash flows related to the following activities:		
OPERATING		
Net income	1,871,999	603,638
Adjustments for:		
Depletion, depreciation and site restoration	1,687,302	860,304
Future income taxes	1,052,907	–
Cash flow from operations	4,612,208	1,463,942
Changes in non-cash operating working capital items *(Note 7)*	21,004	1,915,585
	4,633,212	3,379,527
FINANCING		
Increase (decrease) in long-term debt	9,200,000	(1,275,000)
Issue of common shares for cash, net of issue costs	1,828,392	1,844,493
	11,028,392	569,493
INVESTING		
Expenditures on property, plant and equipment	(16,306,389)	(4,493,138)
Proceeds on sale of property, plant and equipment	–	1,050,000
	(16,306,389)	(3,443,138)
Net (decrease) increase in cash	(644,785)	505,882
Cash, beginning of year	791,335	285,453
Cash, end of year	146,550	791,335
Cash flow from operations per share (Note 5)		
Basic	0.12	0.06
Fully Diluted	0.11	0.05

notes to the consolidated financial statements

Years Ended December 31, 2000 and 1999

1. BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Ascot Energy Resources Ltd. (the "Company") and its wholly-owned subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES

The Company's financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following policies:

Petroleum and natural gas operations

The Company follows the full cost method of accounting for petroleum and natural gas operations whereby all costs of exploring for and developing oil and gas properties and related reserves are capitalized into a single Canadian cost centre. Such costs include land acquisition costs, costs of drilling both productive and non-productive wells, geological and geophysical expenditures, well equipment, and certain other overhead expenditures related to exploration.

Capitalized costs, including tangible well equipment, are depleted using the unit-of-production method based on estimated proven reserves of oil and gas before royalties as determined by management and reviewed by an independent reserve engineer.

Gains or losses on the sale or disposition of oil and gas properties are not ordinarily recognized except under circumstances which result in a major revision of depletion rates and which would result in a material gain or loss.

The Company applies a "ceiling test" to capitalized costs to ensure that such costs do not exceed future net revenues from estimated production of proven reserves, using prices and costs in effect at the Company's year end, less administrative, financing, site restoration and abandonment, and income tax expenses, plus the costs of unproven properties. Any reduction in value as a result of the ceiling test is charged to operations as an element of depletion and depreciation expense. Undeveloped land is evaluated for impairment at each balance sheet date.

Depletion and depreciation

Petroleum and natural gas properties and related equipment, excluding undeveloped properties, are depleted and depreciated using the unit-of-production method based on estimated proven reserves before deduction of royalties and after conversion to units of common measure based on a ratio of six thousand cubic feet of natural gas to one barrel of oil. Leasehold improvements are recorded at cost and depreciated over the term of the lease.

Office equipment and furniture are recorded at cost and depreciated on the declining-balance basis at rates of 20% to 30% per year.

Joint ventures

Substantially all of the Company's exploration and development activities are conducted jointly with others and, accordingly, the financial statements reflect only the Company's proportionate interest in such activities.

Flow-through shares

The Company from time to time issues flow-through shares and warrants for the purchases of flow-through shares. Under these financing agreements, shares were issued at a fixed price with the resultant proceeds used to fund exploration and development work within a defined time period. The exploration and development expenditures funded by flow-through arrangements are renounced to investors in accordance with the appropriate tax legislation. A future tax liability is recorded and share capital is reduced by the estimated renounced tax deductions when the related costs are incurred.

Future site restoration and abandonment costs

The Company has made a provision for future site restoration and abandonment costs, based on the unit-of-production method.

Future income taxes

Income taxes are calculated using the liability method of tax accounting. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax liabilities or assets. Future income tax liabilities or assets are calculated using tax rates substantially enacted at the balance sheet date.

Stock based compensation plan

The Company has a stock based compensation plan as described in Note 6. Options are issued at current market value, consequently no compensation expense is recorded. Consideration paid by employees, consultants or directors on the exercise of stock options is credited to share capital.

3. PROPERTY, PLANT AND EQUIPMENT

		2000	
	Cost $	Accumulated Depletion and Depreciation $	Net Book Value $
Petroleum and natural gas properties	27,396,812	5,310,478	22,086,334
Office equipment and furniture	226,839	29,664	197,175
Leasehold improvements	58,886	7,738	51,148
	27,682,537	5,347,880	22,334,657

		1999	
	Cost $	Accumulated Depletion and Depreciation $	Net Book Value $
Petroleum and natural gas properties	9,495,870	3,778,378	5,717,492
Office equipment and furniture	131,465	63,298	68,167
Leasehold improvements	54,349	17,928	36,421
	9,681,684	3,859,604	5,822,080

The Company has capitalized, as part of petroleum and natural gas properties, general and administrative expenses relating to property acquisition, exploration and development activities of $575,000 for the year ended December 31, 2000 (1999 - $318,000).

Undeveloped land costs of $3,000,000 (1999 - $354,000) have been excluded from the amount subject to depletion and depreciation.

Effective November 1, 2000, the Company acquired an 80% interest in certain oil and gas properties for $8.8 million in an arms length transaction from another company. That company and the Company have two common directors on their respective boards. These directors abstained from voting on the approval of the transaction. The transaction was completed under normal industry terms for fair market value and has been recorded in the financial statements of the Company at the exchange amount. The other 20% interest was acquired directly from the other company by a company controlled by another director of the Company and the director also abstained from voting on the approval of the Company's portion of the transaction.

4. LONG-TERM DEBT

The Company has available a revolving demand loan credit facility of $10,400,000 of which $9,200,000 was drawn at December 31, 2000. The loan bears interest at the bank prime rate plus 0.375% or at bankers acceptance rates plus a 1.50% stamping fee and are secured by a debenture on the assets of the Company.

5. SHARE CAPITAL

Authorized

Unlimited number of Class A common voting shares

Unlimited number of preferred shares, issuable in series

The directors of the Company are authorized to determine the designation, rights, privileges, restrictions and conditions attached to the preferred shares.

Issued	Number of Shares	Amount $
Balance December 31, 1998	21,735,886	4,313,619
Issue of shares for cash	2,000,000	500,000
Issue of shares on acquisition	4,000,000	600,000
Flow-through shares for cash (net of costs)	6,000,000	1,344,493
Tax benefit renounced to shareholders	-	(434,100)
Balance December 31, 1999	33,735,886	6,324,012
Exercise of stock options	170,000	37,500
Flow-through shares for cash (net of costs)	6,000,000	1,790,892
Adoption of accounting recommendations for taxes	-	75,068
Tax benefit renounced to shareholders	-	(482,890)
Balance December 31, 2000	39,905,886	7,744,582

The basic net income per share and cash flow from operations per share figures have been calculated using 36,923,919 (1999 – 26,305,749) weighted average number of shares and fully diluted figures using 41,998,113 (1999 – 27,836,160) weighted average number of shares.

In December, 1999, 6,000,000 flow-through units were issued, consisting of one flow-through common share and one purchase warrant, at a price of $0.25 for gross proceeds of $1,500,000. Each purchase warrant entitled the holder to purchase one flow-through common share at a price of $0.30 per share. The purchase warrants were exercised on June 30, 2000 for gross proceeds of $1,800,000.

On December 31, 2000, $1,500,000 has been expended relating to the flow-through common shares issued in 1999 and $306,500 has been expended relating to the exercise of the purchase warrants in 2000. The Company is committed to incur qualifying expenditures on the remaining $1,493,500 relating to the exercise of the purchase warrants by December 31, 2001.

Stock options

The Company has a stock option plan, which is administered by the Board of Directors, in which up to 10% of the issued Class A shares are reserved for issuance pursuant to this plan. The vesting period of the options varies from immediately to three years, with expiry five years from the date of grant.

The stock option activity was as follows:

	2000		1999	
	Number of options	Weighted Avg Exercise price $	Number of options	Weighted Avg Exercise Price $
Options outstanding, beginning of year	2,020,000	0.22	810,000	0.21
Granted	375,000	0.28	1,410,000	0.23
Exercised	(170,000)	0.22	–	–
Expired/Cancelled	(50,000)	0.25	(200,000)	0.15
Options outstanding, end of year	2,175,000	0.23	2,020,000	0.22
Options exercisable, end of year	1,330,000	0.22	1,245,000	0.22

The following summarizes the options outstanding at December 31, 2000:

Number of options	Weighted Avg Exercise Price $	Weighted Avg Contractual Life
2,175,000	0.23	3.1

Stock appreciation rights

Under an employment contract with the Chief Executive Officer of the Company, a total of 300,000 stock appreciation rights have been granted at an exercise price of $0.25 per share. Subject to vesting, the "Rights" are structured to allow for the purchase of shares of the Company equal to the market price on the date the Right was granted. The Rights vest when certain share prices are reached for 20 consecutive trading days. One third of the Rights vest equally at market prices of $1.50, $2.00 and $2.50 per share. Unexercised rights expire on December 31, 2004.

6. INCOME TAXES

Effective January 1, 2000, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants with respect to accounting for income taxes. Under the new recommendations, the liability method has been adopted retroactively, without restatement of the 1999 financial statements. The effect of adopting the new recommendation on the opening 2000 financial statements was to increase (decrease) the following:

	$
Property, plant and equipment	1,778,817
Share capital	75,068
Future income tax liability	500,232
Deficit	(1,203,517)

There was no significant impact on net income for 2000 as a result of adopting the liability method.

As at December 31, 2000, the future income tax liability is comprised of temporary differences related to the following:

	$
Property plant and equipment	2,816,328
Future site restoration	(146,697)
Financing costs	(63,713)
Non-capital losses carried forward	(367,735)
Resource allowance	(205,281)
	(2,032,902)

The provision for income tax differs from the result which would be obtained by applying the combined Federal and Provincial statutory income tax rates to income before taxes. This difference results from the following:

	2000 $	1999 $
Income before taxes	**2,949,906**	603,638
Statutory income tax rate	**44.65%**	44.90%
Expected income tax	**1,317,133**	271,034
Increase (decrease) in taxes resulting from:		
Crown royalties (net of ARTC)	**504,073**	165,507
Resource allowance	**(573,523)**	(152,954)
Other	**(194,776)**	(283,587)
Capital taxes	**25,000**	-
Provision for taxes	**1,077,907**	-

Petroleum and natural gas properties with a cost of approximately $4,042,000 at December 31, 2000 (1999 - $2,960,000) have no cost base for income tax purposes.

7. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	2000 $	1999 $
Accounts receivable	388,208	(1,589,288)
Prepaid expenses and deposits	(96,550)	(72,117)
Accounts payable and accrued liabilities	(270,654)	3,576,990
Changes in non-cash working capital	21,004	1,915,585
Cash interest paid in the year	100,018	75,271

8. FINANCIAL INSTRUMENTS

The Company has estimated that the fair value of its financial instruments, which include accounts receivable, accounts payable and accrued liabilities, and long-term debt, approximate their carrying values.

The Company is exposed to fluctuations in commodity prices, interest rates and exchange rates. The Company monitors and when appropriate, utilizes financial instruments to manage its exposure to these risks. The Company has hedged 100 barrels per day of crude oil for the calendar year 2001 at $42.05 Canadian per barrel using a fixed price swap contract.

9. COMMITMENTS

The Company has an obligation to make future minimum lease payments of $123,000 per year for the next one and one half years relating to a lease of office premises.

corporate information

DIRECTORS

John A. Brussa
Partner
Burnet Duckworth & Palmer

Ed Chwyl
Chairman
Ascot Energy Resources Ltd.

Dennis R. Gieck
President
Onyx Energy Inc.

A.M. (Bezo) Khadr
President and C.E.O.
Ascot Energy Resources Ltd.

Marcel J. Tremblay
Chairman, President and C.E.O.
Enerplus Energy Services Ltd.

OFFICERS AND KEY PERSONNEL

A.M. (Bezo) Khadr
President and C.E.O.

Harry D. Cupric
Vice President, Finance and C.F.O.

Bill Khouri
Vice President, Exploration

Harry E. Scott
Production Manager

Joe Worobec Jr.
Land Manager

AUDITORS

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Calgary, Alberta

BANKERS

National Bank of Canada
Calgary, Alberta

RESERVES ENGINEERS

NRG Engineering Ltd.
Calgary, Alberta

SOLICITORS

Burnet Duckworth & Palmer
Calgary, Alberta

TRANSFER AGENT AND REGISTRAR

CIBC Mellon
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EXCHANGE LISTING

Canadian Venture Exchange Trading Symbol "AER"

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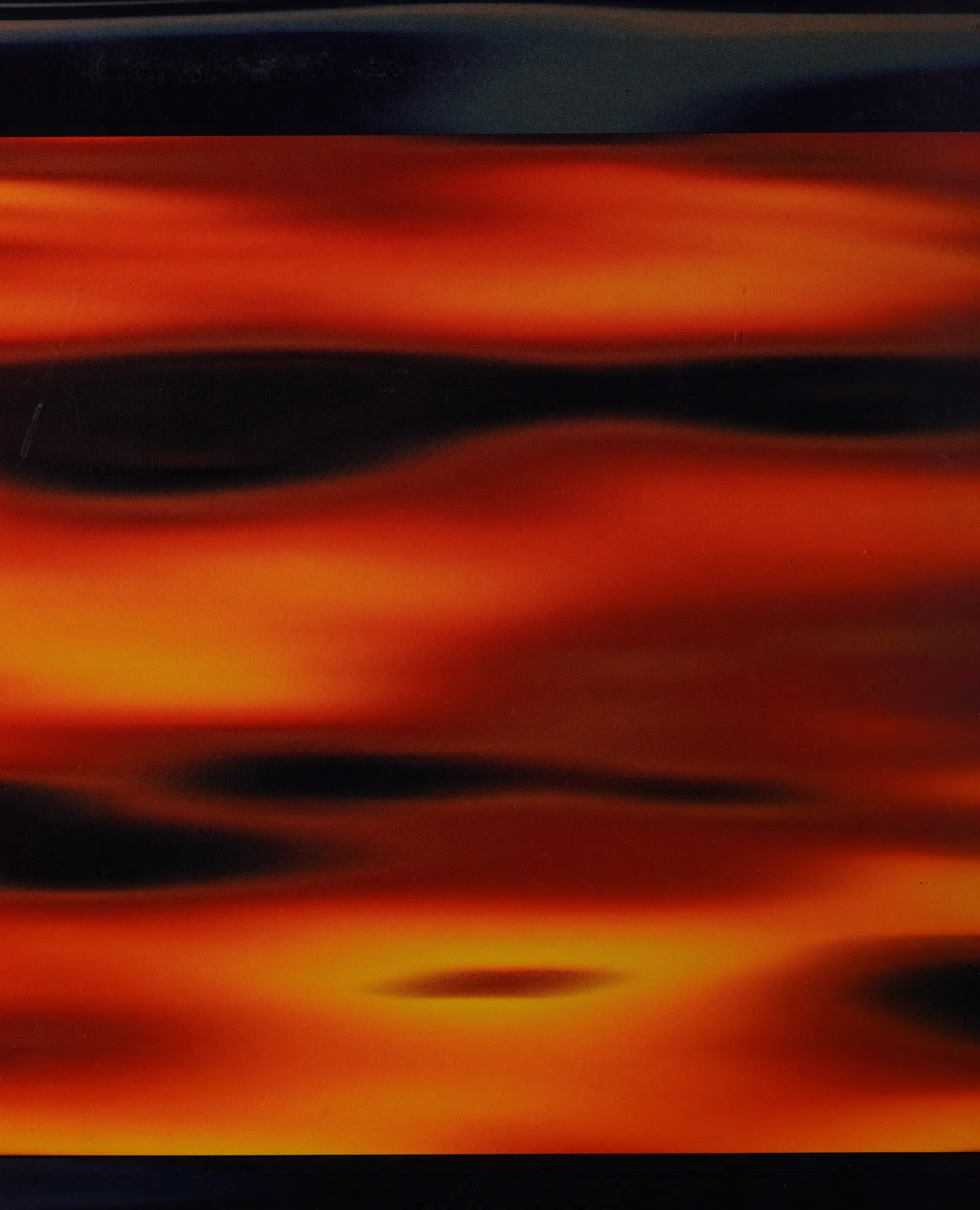

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